

**DEPARTMENT OF EDUCATION
P.A. 522 of 2002**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2001-02 YEAR-TO-DATE	FY 2002-03 GOV'S REC.	FY 2002-03 YEAR-TO-DATE	CHANGES FROM FY 2001-02 YEAR-TO-DATE	
				AMOUNT	PERCENT
FTE Positions	455.0	431.1	436.1	(18.9)	(4.2)
GROSS	1,019,937,300	95,361,900	215,490,700	(804,446,600)	(78.9)
Less:					
Interdepartmental Grants Received	518,000	1,000,000	1,000,000	482,000	93.1
ADJUSTED GROSS	1,019,419,300	94,361,900	214,490,700	(804,928,600)	(79.0)
Less:					
Federal Funds	966,591,000	44,827,400	165,694,100	(800,896,900)	(82.9)
Local and Private	5,591,000	5,445,600	5,445,600	(145,400)	(2.6)
TOTAL STATE SPENDING	47,237,300	44,088,900	43,351,000	(3,886,300)	(8.2)
Less:					
Other State Restricted Funds	14,471,400	13,979,300	14,329,300	(142,100)	(1.0)
GENERAL FUND/GENERAL PURPOSE ..	32,765,900	30,109,600	29,021,700	(3,744,200)	(11.4)
PAYMENTS TO LOCALS	14,649,200	16,436,800	16,436,800	1,787,600	12.2

**FY 2002-03
Change from
FY 2001-02
Year-to-Date**

A. ADMINISTRATIVE FUNDING OF FEDERAL GRANTS

The budget includes large increases in administrative funding of Federal grants, including Individuals with Disabilities Education Act, Elementary and Secondary Education Act, Reading First, Improving Teacher Quality, and AIDS grants.

Gross	12,402,100
Federal	12,402,100
GF/GP	0

B. INFORMATION TECHNOLOGY OPERATIONS

The Information Technology Operations unit was reduced by \$1,863,200 of Federal authorization for information technology services no longer needed by the Department.

Gross	(1,863,200)
Federal	(1,863,200)
GF/GP	0

C. TECHNICAL RESOURCE AND REPRODUCTION CENTER

The local and Federal funding for the Technical Resource and Reproduction Center (a center designed to provide assistive devices for blind and visually impaired pupils) was eliminated from this budget since the Center will receive its funding in the future via a direct grant from the Special Education grant in the K-12 budget.

Gross	(1,250,000)
Federal	(1,100,000)
Local	(150,000)
GF/GP	0

D. EARLY RETIREMENT AND BUDGETARY SAVINGS

The Department must satisfy a 1% GF/GP reduction in the amount of \$301,200, and is estimated to save \$721,900 due to the participation of employees in the State's early retirement program. The savings for early retirement were estimated by assuming a replacement ratio of one employee for every five who retired.

Gross	(1,023,100)
GF/GP	(1,023,100)

E. SCHOOL BREAKFAST PROGRAM

Due to increasing costs and numbers of breakfasts served, nearly \$600,000 was added to year-to-date appropriations to cover the State's reimbursement to districts providing school breakfasts.

Gross	581,800
GF/GP	581,800

**FY 2002-03
Change from
FY 2001-02
Year-to-Date**

F. RESTRICTED FUNDS

The budget includes three increases in restricted fund expenditures. The first is an additional \$200,000 from Motorcycle Safety Fees for the purchase of new motorcycles for use in the State's safety education program. The second is an additional \$100,000 for more grants to be made available for providing off-road vehicle safety training. The third is a doubling of the funding for National Board Certification Grants (a \$50,000 increase).

Gross	350,000
Restricted	350,000
GF/GP	0

G. PROGRAM TRANSFERS

Federal Grants

All but five Federal grants were transferred to the School Aid budget. The largest of these include Title I (\$346,000,000), School Lunch Program (\$256,725,000), Special Education (\$29,214,800), Drug Free Schools (\$16,725,400). Administration of the programs remains in the Department except for those grants transferred to the Michigan Virtual University to support distance learning.

Gross	(813,870,300)
Federal	(813,870,300)
GF/GP	0

H. UNCLASSIFIED SALARIES

Under Executive Order 2001-9, unclassified salaries for FY 2001-02 were reduced by \$150,000 to \$365,600. The FY 2002-03 budget restores this line item to its previously enacted appropriation of \$515,600.

Gross	150,000
GF/GP	150,000

I. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	500,500
Federal	273,200
Local	19,000
Restricted	39,300
GF/GP	169,000

**FY 2002-03
Change from
FY 2001-02
Year-to-Date**

Item	Gross	GF/GP
Salaries and Wages	\$481,700	\$144,900
Lump Sum Adjustment	(170,000)	(46,100)
Total Retirement	26,600	9,100
Workers' Compensation	7,000	7,000
Building Occupancy Charges	137,600	54,100
Food	6,500	0
Fuel and Utilities	11,100	0
Total	\$500,500	\$169,000

J. OTHER ISSUES

Other issues include a funding shift at the Michigan Schools for the Deaf and Blind from GF/GP to Federal (\$3,538,200); an additional \$482,000 in lease revenue from the Department of Corrections for training academy space at the Michigan School for the Blind site; elimination of lump-sum payments to employees (\$130,400); \$95,100 in funding for an additional special education auditor; and elimination of a \$1,000 "placeholder" for a Federal grant that is no longer available.

Gross	(322,100)
IDG	482,000
Federal	3,298,700
Local/Private	(14,400)
Restricted	(531,400)
GF/GP	(3,557,000)

K. VETOES

The Governor vetoed two boilerplate sections in the Department's budget. The first veto struck language requiring the Department to spend not more than \$50,000 for the advertising of a toll-free antiviolence school hotline. The second veto struck language allowing the Department to use funds to establish a position of school health services consultant. The Department of Management and Budget has interpreted these vetoes as reducing the Department of Education's budget by \$50,000 and \$52,300, respectively.

Gross	(102,300)
Federal	(37,400)
GF/GP	(64,900)